GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2715
ANSWERED ON:31.08.2007
SICK BANKS IN THE COUNTRY
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Will the Minister of FINANCE be pleased to state:

(a) whether several banks have become sick in the country;

(b) if so, the total number of such banks and the estimated loss therein;

(c) whether any measures have been adopted by the Government to turn the sick banks into profit making banks; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): Reserve Bank of India (RBI) has not identified any private bank as sick.

(b): Does not arise.

(c) & (d): RBI has issued guidelines and prescribed prudential norms to ensure that the banks function on sound business principles. It also monitors the financial position of the banks, on an ongoing basis, by way of onsite inspection and scrutiny of the returns submitted by them, and takes corrective action, wherever required, including issue of statutory directions etc. Further, RBI has issued guidelines on `Ownership and Governance in private sector banks` on 28th February, 2005 with a view to ensure sound capital base, diversified ownership, proper management and transparency in management practices in the private sector banks. RBI has introduced a framework of Prompt Corrective Action (PCA) for close periodic monitoring of the banks exhibiting weak financials to avoid further deterioration in the financial position of such banks, and to protect the interests of all stakeholders including the depositors.